



บริษัท น้ำตาลขอนแก่น จำกัด (มหาชน)
坤敬糖廠有限公司 (大眾)
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

No. AC 018/2020

16 March 2020

SUBJECT MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL PERFORMANCE FOR THE 1ST QUARTER 2020

ATTENTION PRESIDENT, THE STOCK EXCHANGE OF THAILAND

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries ("KSL") would like to report our financial performance for the 1st quarter of the fiscal year 2020 (from November 1, 2019 to January 1, 2020). The company had net profit attributed to owners of the parent in the amount of THB 212 million which increased by Baht 119 million or 129% compared to profit of THB 93 million for the 1st quarter of fiscal year 2019. The operating performance is summarized as follows:

Revenues from Sales and Rendering of Services

For the 1st quarter of the fiscal year 2020 ("the first quarter of 2020") , total revenues from sales and services of THB 2,999 million was slightly decreased by THB 44 million or 1.5% comparison with the prior year's first quarter resulting from decrease in the revenue from service of THB 46 million whereas total revenue from sugar sale of 0.19 million tons was resulted an increase in revenue from sale of THB 2 million (sugar sale for the 1st quarter of 2019 : 0.17 million tons).

Gross Profit

For the 1st quarter of 2020, the company had gross profit of THB 635 million, representing 21% of gross profit margin, which decreased from THB 857 million or 28% of gross profit margin of the 1st quarter of 2019. The decrease in gross profit was mainly due to approximate 4.5% decrease of averaged sale price.

Other Income

Other income increased by THB 40 million was mainly due to the following details:

- Increase in gain on sale of assets of a subsidiary in the amount of THB 88 million was incurred from entering into a non-cancellable sale and purchase agreement with a related party in order to sale a group of operating properties, machinery and equipment.
- Decrease in gains on future contracts of THB 61 million.

Distribution Costs

Distribution costs decreased from THB 453 million of the 1st quarter of previous year to THB 130 million of the 1st quarter of 2020. The cancellation of remittance fee to Office of the Cane and Sugar Fund which effective from October 1, 2019 onwards, is a major reason of decrease in overall of distribution costs.

Administrative Expenses

Administrative expenses increased from THB 224 million in the 1st quarter of the previous year to THB 336 million in the 1st quarter of 2020 is mainly due to compensation charge for cancellation of sugar sale contracts derived from the decrease in current year's estimated sugar production volume.

Financial Costs

In the 1st quarter of 2020, the financial costs decreased by THB 22 million or 14% was mainly due to repayment of certain amount of working capital loans and decrease in averaged interest rate.

For the 1st quarter of 2020 financial status overview, the company had total assets of THB 45,068 million, total liabilities of THB 25,817 million and total shareholders' equity of THB 19,251 million. Interest bearing debt to equity ratio (IBD/E ratio) represented at 1.06 was decreased from the last year-end (IBD/E ratio as at October 31, 2019 : 1.16).

Yours faithfully,



Mr. Chhamroon Chinthammit

Chief Executive Officer and President

Khon Kaen Sugar Industry Public Company Limited